

## **School-Based Administrative Match Audit Findings and Issues**

### Program Purpose:

To manage the unique opportunity presented by the school setting to enroll eligible children in the Medicaid program, and to assist children already enrolled in Medicaid to access the benefits available to them.

To draw upon the availability of federal funding for the cost of administrative activities that directly support efforts to identify and enroll potential eligibles into Medicaid and that directly supports access to medical services covered under the state Medicaid plan.

### Program Objective:

To provide outreach and linkage activities to children and families of children attending public schools through the most efficient, cost effective and culturally appropriate manner possible; using the costs principles of Office of Management and Budget (OMB) Circular A-87.

### Audits:

Agency conducting the audit: Office of Inspector General (OIG) – May 2002

Audit Period: SFY 2000 – July 1, 1999 through June 30, 2001

- Finding 1. Overhead costs at two school districts included staff salaries that were claimed both as direct and indirect cost of the Program. A third school district included overhead costs for employees who were not involved in the Program.
- Finding 2. Claims for reimbursement were not allocated based on the actual Medicaid-eligible populations for each school district.
- Finding 3. School district employees completing the time studies did not have an adequate understanding of the Program's requirements or the structure of the time study to accurately reflect their Medicaid administrative efforts.

### OIG Recommendations:

1. Refund the Federal Financial Participation for the payments of unallowable overhead costs.
2. Ensure overhead costs claimed are allowable, allocable, and reasonable.
3. Ensure Program costs are allocated to Medicaid based on the actual Medicaid population at each school district.
4. Ensure time studies are properly conducted and reviewed

5. Recalculate the SFYs 2000 and 2001 Program claims for each school district, using appropriate overhead costs and actual Medicaid eligibility data, and refund the FFP for inappropriately claimed amounts.

Agency conducting the audit: Washington State Auditors – July 2002 and June 2001

Audit Period: September 1, 2000 through August 31, 2001  
September 1, 1999 through August 31, 2000

Findings:

1. Some districts were using a base for allocation other than direct costs.
2. Some districts were including costs in their indirect pool that are prohibited.
3. Rates used in the districts were higher than the unrestricted rates calculated by OSPI.
4. Some districts charged employee costs to Medicaid and another federal grant, thus receiving duplicate reimbursement.
5. Some employees' percentage of time claimed did not match the amount listed in the time study.

Actions taken by MAA:

1. Notified school districts that the OSPI unrestricted rate must be used for claiming of indirect costs.
2. Recalculating the correct claim amount for indirect costs using the OSPI unrestricted rate for each participating school district.
3. Developing system for determining Medicaid Eligibility Rate based on actual population.